

South Dakota's Long-Term Care Partnership Program

*Knowing your options today
Planning for tomorrow
Looking ahead for the future*



South Dakota's
Long-Term Care
Partnership Program

Administered by the Department of Social Services and the Division of Insurance.

Our objective: **Address key questions and empower you to** **make informed decisions.**

Isn't Long-Term Care just for older folks?

Isn't Long-Term Care the same as a nursing home?

Does the government pay for LTC in my home?

Doesn't health insurance pay for Long-Term Care costs?

Doesn't disability insurance pay for Long-Term Care costs?

Can't I just save some money and pay for my Long-Term Care costs?

How does a Long-Term Care Partnership insurance policy work?

How do I know I am getting a good policy?

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Why is it such a hot topic?

Media Attention: Time, Newsweek, Wall Street Journal, Forbes, U.S. News and World Report

70% will need supportive care after age 65
“Long-Term Services and Supports”

40% of us will need Long-Term Care in facility

Not just for elderly: 37% of people receiving LTC are working age (under 65)

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What is long-term care?

A wide range of services provided to people needing continued help with Activities of Daily Living (ADLs)

ADLs (as defined by insurance industry):

Bathing

Dressing

Eating

Toileting

Transferring from/to bed or chair; walking

Continence

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Cost of Long-Term Care

Average cost of a nursing home in SD—2014

\$190* a day

\$5750 per month or just over \$69,500 a year

Average total stay to over \$173,700 (2.5 years in SD)

*rounded

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Where do we get Long-Term Care today?

At home or in the community (Usually not 24-hour care):

80% receive LTC at home

Adult Day Services

Formal & Informal Home Care

Assisted Living Facility

2% receive LTC in Assisted Living Facilities

Nursing Home (Skilled Nursing Facility)

18% receive LTC in Nursing Homes

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Who will pay?



Health Insurance?

Disability Insurance?

Medicare?

Medicaid?

You?

Long-Term Care Insurance?

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Health Insurance

Group or Individual Plan

Provides for necessary skilled medical care

Pays for skilled care from someone who typically has a license (MD, RN, Physical Therapist)

May have short term aftercare benefit

Co-pays and deductibles apply

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Does Health Insurance cover Long-Term Care?

Language from actual policies:

“Exclusions: Custodial care”

“Medical care not covered: Custodial Care or Rest Cures”

“Exclusions: Custodial care, except for covered hospice care”

Health insurance DOES NOT pay for long-term care

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Does Short-Term or Long-Term Disability Insurance cover Long-Term Care?

“Paycheck insurance” if you can’t work.

Replaces part of your paycheck (50% to 66%)

Disability Insurance **does not** pay for medical care, personal care, or long-term care

Typically has no benefits after age 65

May have exclusionary or elimination period

Disability insurance **DOES NOT** pay for long-term care

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Does Medicare cover Long-Term Care?

Health Insurance for individuals 65 and older or with disabilities

May pay for a small percentage of nursing home costs—short term (up to 100 days) and if needs meet specific criteria

\$0 co-pay days 1-20 / \$152 co-pay days 21-100 (2014)

Usually no benefits for personal or custodial care

Co-payments and deductibles apply

On the subject of long-term care, www.Medicare.gov says:

“Medicare and most health insurance plans...don’t pay for this type of care.”

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Does Medicaid cover Long-Term Care?

Covers 45% of LTC costs in USA --with strict financial and medical guidelines

Federal & state program providing health care for low income individuals, families and children (46% SD, 54% Federal break)

Eligibility for Medicaid includes strict income and assets restrictions

Federal law requires recovery from the recipient's estate

SD Medicaid Contact Information:

Phone: 1-800-597-1603

Web: www.dss.sd.gov

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Long-Term Care Insurance

Provides for personal care, custodial care, supervision

When licensed health care provider says you:

cannot perform at least **2 of 6 Activities of Daily Living (ADLs)** for a period expected to last at least 90 days

OR

have a **severe cognitive impairment** that makes you unable to meet your own needs and it is expected to last at least 90 days

May have a deductible or exclusionary or elimination period before payment

Long-term care insurance DOES pay for LTC

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Who Pays for Long-Term Care?

Long-Term Care Insurance

Long-Term Care Partnership Plan

Medicaid (pay down)

Self pay

Veterans (very specific criteria)

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Do all Long-Term Care insurance policies cover in-home services?

Optional—most do today

Policies may be

“facility only”

“facility and homecare”

“comprehensive”

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Who pays for nursing home care costs?

	SD	US*
Medicaid	56%	45%
Private pay	34%	34%
Medicare	9%	14%
Other public/private (incl. VA)	1%	7%

2012 figures

*GAO from CMS data

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Long-Term Care Partnership Policies Consumer Friendly

LTCPP are a special kind of long-term care insurance

Medicaid Asset Protection

Once LTCi is purchased, **rates do not go up** just because we get older
(there may be rate increases for the whole group)

Inflation protection included in every policy issued at age 75 and younger

Individuals choose where their care is received.

Access to impartial assistance from care **coordinators**

Division of Insurance reviews and approves policies of insurers

Agents have 8 hours of **extra training**, plus 4 more hours biennially

“Tax qualified”

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Partnership Policies: Inflation Protection

When you buy:

Under 61 years of age, compound annual inflation protection

May not be less than 3% per year or = Consumer Price Index

61 to 75 years of age, some inflation protection

76+ may (but not required) purchase inflation protection

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Partnership Policies: The Key Concept

What is a “pool of money” or “lifetime maximum benefit”?

Specific amount of money or assets, or
Specific number of years

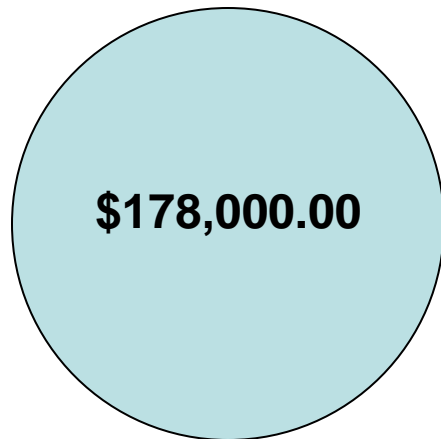
Either shifts financial risk to insurance company

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Partnership Policies: How do they work?

Plan for \$150 day for two years (\$110,000) with 5% inflation + 10 yrs

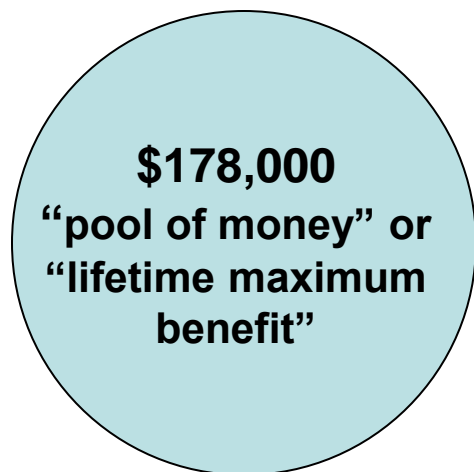


→ Daily Benefit for Nursing Home and Assisted Living: \$235

→ Daily Benefit for Home or Community Based: \$117

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Partnership Policies: How long does it pay for care?



Pay for care until you use your pool of money

\$235 per day for care in Nursing Home or Assisted Living Facility will pay for two years = \$171,550 (after elimination period)

\$117 per day for Home Care—pool will last twice as long

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Partnership Policies: Medicaid Asset Protection

Difference between a Partnership policy and a non-Partnership policy is **Medicaid asset protection (dollar for dollar)**

When determining your eligibility for Medicaid, you keep assets up to the amount your Partnership **policy has paid in benefits**

Protected assets retained will **not be recovered** from your estate

All other Medicaid LTC assistance **eligibility must be met**

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Partnership Policies: Medicaid Asset Protection

	Assets	Total <u>PAID OUT</u> by Partnership policy	Amount You May Keep
Person A	\$75,000	\$75,000	\$75,000
Person B	\$200,000	\$200,000	\$200,000
Person C	\$200,000	\$100,000	\$100,000
Person D	\$1,000,000	\$300,000	\$300,000
Person F	\$250,000	\$0	\$0

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Is LTCi expensive?

Sample Rate for Partnership LTCi policy:

Couple at age 50 (assuming good health):

- Lifetime maximum benefit / “pool of money”: \$108,000 (2 years)
- \$150 Daily Benefit Amount for Nursing Home and Assisted Living Center and Home Care (policies vary from 50-100% for Homecare)
- 3% automatic inflation protection built in that increases benefit each year
- 90 day elimination period

Approximately \$166 monthly premium

Couple at age 65 (assuming good health): Same benefits as above

Approximately \$273 monthly premium

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When should I buy a LTC Partnership Policy?

Should I wait until I am sick?

You have to pass “underwriting” - be in reasonably good health

Should I wait until I am 65 years of age or older to buy?

Risk—need care sooner?

Underwriting

Cost

Average age in the US to purchase LTCi is 57, but:

Adults are “never too young” to buy Long-Term Care Insurance!

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Choices to make (with agent):

Daily benefit amount / monthly benefit amount

Elimination period (0-100 days)

Total “pool of money” or

Maximum benefit period (1 yr-minimum, 2 yrs, 5 yrs, more)

Comprehensive or Facility and/or Homecare

Waiver of premium when in claim

Unintentional lapse provision

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How do I find a partnership plan?

Visit with agency you trust

Talk with family or friends who have policies

Contact companies on the list

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How do I choose an insurance company?

Questions to ask:

Has the company ever raised rates? If yes, how many times?
What percentage? (Look for never or few)

Use your partnership brochure

Ask your agent for information about the company

Check www.NAIC.org for a LTCi shoppers guide (National Association of Insurance Commissioners)

What letter grade does the company get from A. M. Best (www.ambest.com)? (Look for rating in the A's)

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For More Information

South Dakota's Long-Term Care Partnership Program

www.ltcpartnership.sd.gov

South Dakota Department of Social Services

Phone: 1-800-597-1603

Email: DSSInfo@state.sd.us

South Dakota Division of Insurance

Phone: 605-773-3563

Email: insurance@state.sd.us

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Thank you!!!

(Please complete the post-survey)

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